

**CITY OF ELOY, ARIZONA
REPORT ON EXAMINATION OF ANNUAL EXPENDITURE
LIMITATION REPORT
YEAR ENDED JUNE 30, 2015**

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INDEPENDENT ACCOUNTANT'S REPORT

The Auditor General of the State of Arizona and
The Honorable Mayor and City Council
of the City of Eloy Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the City of Eloy, Arizona for the year ended June 30, 2015. This report is the responsibility of the City of Eloy, Arizona management. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of City of Eloy, Arizona referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

Heinfeld, Meech & Co., P.C.


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CPAs and Business Consultants

February 1, 2016

**CITY OF ELOY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – PART I
YEAR ENDED JUNE 30, 2015**

- | | | |
|--|---------------|----------------------|
| 1. Economic Estimates Commission expenditure limitation | \$ 10,838,726 | |
| 2. Voter-approved alternative expenditure limitation
(approved March 9, 2010), see Note 1 | | <u>78,020,175</u> |
| 3. Enter applicable amount from line 1 or line 2 | | <u>78,020,175</u> |
| 4. Amount subject to the expenditure limitation
(total amount from Part II, Line C) | | <u>19,365,255</u> |
| 5. Amount under the expenditure limitation | | <u>\$ 58,654,920</u> |

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer 

Name and Title: Brian Wright, Finance Director

Telephone Number: (520) 464-3425

Date: 2-1-16

See accompanying notes to report.

CITY OF ELOY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2015

<u>Description</u>	<u>Governmental</u> <u>Funds</u>	<u>Enterprise</u> <u>Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	\$ 14,985,868	\$ 4,379,387	\$ 19,365,255
B. Less exclusions claimed: *			
C. Amount subject to the expenditure limitation	\$ <u>14,985,868</u>	\$ <u>4,379,387</u>	\$ <u>19,365,255</u>

* Exclusions do not apply to the City of Eloy, Arizona's annual expenditure limitation report due to the voter-approved alternative expenditure limitation adopted .

CITY OF ELOY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2015

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items and extraordinary items reported within the fund financial statements	\$ 14,985,868	\$ 4,939,184	\$ 19,925,052
B. Subtractions:			
1. Items not requiring the use of working capital			
Depreciation		954,560	954,560
Landfill closure and post closure care costs		109,773	109,773
Pension expense		64,699	64,699
Total subtractions		<u>1,129,032</u>	<u>1,129,032</u>
C. Additions:			
1. Principal payment on long-term debt		466,792	466,792
2. Acquisition of capital assets		12,850	12,850
3. Pension contributions paid in the current year		89,593	89,593
Total additions		<u>569,235</u>	<u>569,235</u>
D. Amounts reported on Part II, Line A	<u>\$ 14,985,868</u>	<u>\$ 4,379,387</u>	<u>\$ 19,365,255</u>

CITY OF ELOY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation adopted March 9, 2010, as authorized by the Arizona Constitution, Article IX, §20(9). Pursuant to Arizona Revised Statutes §16-204, the existing adopted voter-approved expenditure limitation was reauthorized for fiscal year 2014-15. The voter-approved alternative expenditure limitation provides for the City to adopt an annual expenditure limitation each year, which for fiscal year 2014-15 was the budget of \$78,020,175 formally adopted on June 9, 2014.

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed on Part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds; Statement of Revenues, Expenses, and Changes in Fund Net Position for the Proprietary Funds, and the Statement of Cash Flows for the Proprietary Fund.

NOTE 2 – TOTAL EXPENDITURES/EXPENSES/DEDUCTIONS

Enterprise Funds:	
Total expenses	\$ 4,690,913
Interest expense	248,271
Total	<u>\$ 4,939,184</u>

NOTE 3 – AGENCY ACTIVITY

In a prior fiscal year the City entered into contracts with both the Corrections Corporation of America (C.C.A.) and the U.S. Department of Homeland security to provide funding to C.C.A. Pursuant to the contracts, the City is considered an agent of the monies provided by the U.S. Department of Homeland Security to C.C.A. and the City has no administrative or direct financial involvement in the program. The City has historically accounted and budgeted for the pass-through activity in the Grants Fund, a Governmental Fund of the City. The activity has been reported in the AELR as a governmental expenditure in prior fiscal years. In consultation with the State of Arizona Office of the Auditor General and the City's independent auditors the City determined that this activity is more appropriately reported and presented as an Agency Fund pursuant to GASB Statement No. 24, paragraph 5. Accordingly, the activity related to the C.C.A. contracts is not included as a governmental expenditure for the current fiscal year; however, the activity was budgeted by the City and included in the fiscal year 2014-15 voter-approved alternative expenditure limitation in the amount of \$40,000,000.

**CITY OF ELOY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2015**

NOTE 4 – PENSION EXPENSE AND CONTRIBUTIONS

The subtraction of \$64,699 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Funds. The addition of \$89,583 for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the Enterprise Funds.